

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:3457
ANSWERED ON:08.08.2016
Subsidy on Khadi
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government provides any subsidy on Khadi Products in the country and if so, the details thereof;
- (b) whether the Government proposes to increase the said subsidy;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI GIRIRAJ SINGH)

(a) to (c): Government of India introduced the scheme of Market Development Assistance (MDA) on Production in place of rebate after experimenting with several pilot schemes. The scheme has been given effect from 1st April 2010, to help Khadi Institutions to reorient their activities extending adequate emphasis towards increasing artisans' earnings as well as ensuring quality of Khadi to customers.

The scheme of MDA on Production aims at uniform distribution of sales throughout the year unlike the erstwhile rebate scheme where most of the sale took place during the special rebate season of 108 days.

Under the Market Development Assistance (MDA) scheme, financial assistance is paid at the rate of 20% on cost of production of Khadi (cotton, silk & woolen) and polyvastra.

25% of total MDA amount passed on to the spinners and weaver in the form of incentive /bonus through their bank or post office accounts, in addition to their normal earnings. 75% of total MDA amount is used by Khadi Institutions (30% for production activities such as implements, capacity building and 45% for marketing related activities such as renovation/ modifications of sales outlets capacity building, infrastructural development, skill up-gradation of salespersons, development of designs, publicity etc.)

(d): Does not arise.